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A configuration of sustainable sourcing and supply management strategies

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ABSTRACT

This paper seeks to analyze empirical differences and patterns in applied sustainable sourcing and supply management (SustSSM) strategies. The question is whether companies employ individual SustSSM practices in reoccurring configurations. The study aims to identify such typical corporate SustSSM approaches and how they vary across contingency factors such as industry or region. We employed a two-step methodology. First, a literature review derives scoring scales for six categories of how companies can integrate sustainability into sourcing. Second, using these scales for a content analysis of sustainability reports from 99 corporations spread across different regions, a taxonomy is derived by means of a cluster analysis.

Identifying five corporate types of how firms configure their SustSSM strategy, the analysis suggests that companies do not combine SustSSM practices randomly. Rather, individual SustSSM practices are combined to alternative configurations that follow different logics to form sustainable sourcing strategies. Addressing a cross-regional and cross-industry sample, the results encourage further investigating the interplay of different SustSSM practices. In doing so, we show the need to align SustSSM configurations with a firm's specific operative supply chain structures and strategic goals.

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1. Introduction

Buying firms are increasingly made responsible for social or ecological externalities resulting from the behavior of their suppliers (Hartmann and Moeller, 2014; Koplin et al., 2007; Parmigiani et al., 2011). Thus, sustainable supply chain management (SSCM) and sustainable sourcing and supply management (SustSSM) have become an important phenomenon in research and management practice (Beske and Seuring, 2014; Quarshie et al., 2015; Walker et al., 2012; Zimmer et al., 2015).

So far, scholars have analyzed different strategies and practices companies can use to integrate sustainability into their SSCM functions (Beske and Seuring, 2014; Grimm et al., 2014; Mamic, 2005; Pagell and Wu, 2009; Reuter et al., 2010; Seuring and Müller, 2008a). Taking a triple bottom line perspective (Elkington, 1998), such SSCM and SustSSM practices typically define sustainability in terms of social, environmental, and economic goals (Krause et al., 2009; Linton et al., 2007; Miemczyk et al., 2012; Seuring and Müller, 2008b). Thus, this new focus requires the buyer firm to develop more comprehensive sourcing strategies

going further than common goals such as 'lowest material costs' (Handfield et al., 2005). From this perspective, the SustSSM function includes procurement and supplier management activities such as sustainability-oriented supplier selection and auditing, as well as supplier collaboration and development (Bowen et al., 2001; Hollos et al., 2012; Leire and Mont, 2010; Sarkis, 2012). As a proactive SustSSM/SSCM strategy can contribute to improving sustainability performance (Gimenez and Sierra, 2012; Zimmermann and Foerstl, 2014), it is particularly relevant to identify which practices get firms there.

However, little is known as to how companies combine these individual practices and activities to prosecute an overall SustSSM strategy in alignment with firm-specific sustainability challenges and context settings. As the choices of a firm's sourcing strategy reflect different buying settings (Svahn and Westerlund, 2009), companies facing diverse sustainability challenges, context factors, and supply chains (Lu et al., 2012; Paulraj et al., 2012) can focus on diverse aspects and pick different sourcing strategies to address sustainability considerations. As a configuration perspective (Miller, 1986) highlights, however, companies do not combine individual practices randomly. More specifically, the configuration approach rejects both the notion that there is the "one best way" of how companies can use certain practices as well as the "it all depends" idea that each corporate response is idiosyncratic and unique (Mintzberg et al., 2003). The configuration approach rather

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suggests that the optimal sourcing strategy (understood as the actual combination of different practices) of one firm might look quite different from another—yet that there will be configurations of typical combinations that crystallize around certain inherent logics.

Following this conceptual perspective, the configuration approach motivates two related research questions for our empirical study: Are there typical configurations of SustSSM strategies that companies implement in practice? And, if so, how and why do companies differ in their strategy? So far, the literature has addressed these issues mainly through conceptual papers (Schneider and Wallenburg, 2012), case-study research (Andersen and Skjoett-Larsen, 2009; Foerstl et al., 2010; Leppelt et al., 2013; Paggell and Wu, 2009) or with focus on particular industries (Grimm et al., 2014; Handfield et al., 1997), a single sustainability dimension (Gimenez and Sierra, 2012), or particular geographic areas (Ciliberti et al., 2008; Harms et al., 2013; Zhu et al., 2011).

The purpose of our paper, then, is to empirically investigate whether SustSSM strategies can be classified into distinct groups. In order to analyze whether there are meaningful patterns of how firms differ in their use of SustSSM practices, we develop a taxonomy of SustSSM profiles. In doing so, this paper makes the following contributions. First, we aggregate the complexity of how corporations can integrate sustainability into their sourcing strategies by identifying six categories of SustSSM practices and focusing on their interplay. Second, by identifying five empirically observable corporate configurations we illustrate how this interplay is embedded in the firm context and suggest a “fit” of practices to form a sourcing strategy. Third, our analysis includes investigating corporate participation in collective initiatives as an often under-researched SustSSM practice and discusses its link to compliance-oriented SustSSM configurations.

Our argument is structured as follows. After briefly defining the research scope, the literature review in the second section serves to embed our research into theory and to map the different practices companies can use to integrate sustainability into their sourcing strategy, thus deriving six categories of SustSSM practices. Next, the methodology section describes how these six categories were used to rate 99 companies using a content analysis of their sustainability reports, and to then conduct a cluster analysis with this data. In our results and discussion section, we present the five clusters of our taxonomy and report how they differ from one another. We then discuss these empirical groups and provide an interpretation and implications for the SustSSM debate. The paper concludes in Section 5 by summarizing key findings and spelling out future research opportunities.

2. Theoretical background

As this paper aims to develop a configuration of SustSSM strategies, we first explain the contribution of the configuration approach and then provide a thorough literature review to reveal what we already know about SustSSM and develop our conceptual framework.

2.1. Configuration approach

The identification of common corporate types configuring on certain elements or characters has been a widely acknowledged approach in strategic management (Miller and Friesen, 1980; Miller, 1986; Mintzberg, 2003). Such a configuration approach describes companies as “archetypes” which are classified by multiple variables acknowledging that firms neither function the same nor in a very unique way (Rich, 1992). Typically, configurations may be represented in conceptual typologies or captured in

empirical taxonomies (Meyer et al., 1993). Whereas typologies aim to conceptually derive interrelated sets of ideal types (Doty and Glick, 1994), a taxonomy provides an organizational classification system resulting from empirical procedures (McKelvey, 1978; Rich, 1992). As our research seeks to cluster existing organizational phenomena (Doty and Glick, 1994) and investigate how certain SustSSM practices form a meaningful strategy, we apply a single domain configuration regarding SustSSM strategies (Dess et al., 1993). This approach is beneficial as it allows zooming into one domain (SustSSM strategies) which can then be analyzed by investigating the various attributes (individual SustSSM practices) within this domain that provide the relevant building blocks for the multifaceted phenomena of SustSSM (Dess et al., 1993). Therefore, we discuss the overall patterning of SustSSM practices to understand the organizational phenomena of different SustSSM strategies (Meyer et al., 1993). Based on this research setting, though using a numerical taxonomy, configuration analysis is used here as a qualitative approach as we want to show how sourcing and supply management practices are orchestrated by the theme of sustainability to form strategies (Miller, 1996).

The configuration approach has been applied not only in strategic management, but has also gained legitimacy in operations management (Miller and Roth, 1994). With regard to the integration of sustainability into supply chain management functions, research has only started recently to use a configuration approach to classify companies (Gimenez and Sierra, 2012; Kudla and Klaas-Wissing, 2012; Schneider and Wallenburg, 2012), corporate practices (Ciliberti et al., 2008; Grosvold et al., 2014), or internal and external enablers of SSCM (Walker and Jones, 2012).

Schneider and Wallenburg (2012) developed a conceptual SustSSM configuration based on the increasing number of sustainability criteria and sourcing practices covering sustainability explicitly. Their typology describes different sourcing profiles according to whether the emphasis on a particular sustainability dimension is weak, moderate, or strong in relation to the number of sourcing activities. For example, companies can show extreme configurations of very few sustainable sourcing activities (‘minimalist’) or a high engagement focusing on all three sustainability dimensions (society, economy, environment) equally strong by implementing best-practice sourcing approaches (‘all-round perfectionist’). Schneider and Wallenburg (2012) also establish profiles considering only a single dimension or two sustainability dimensions as conceivable configurations (e.g., ‘social activist’ or ‘social environmentalist’, respectively).

In their conceptual contribution with a strong focus on the environmental dimension of sustainability, Gimenez and Sierra (2012) identified four corporate configurations based on the proactivity level of implementing environmental supplier governance practices (supplier assessment and collaboration). Based on the implementation level of supplier assessment and collaboration, this study maintains that environmental performance increases with the level of proactivity in sustainable supply chain strategies. This finding also suggests that when companies use inactive and reactive SSCM strategies (low or medium level in assessment and low level in collaboration) supplier governance focuses on assessment activities. In contrast, active and proactive strategies (high level in assessment and medium or high in collaboration) put more effort in collaboration and development practices to improve sustainability.

In this article, we follow the call of Schneider and Wallenburg (2012) to investigate the diffusion of different sourcing archetypes across different contextual factors. In doing so, we extend the singled-focus environmental perspective on supplier governance mechanisms (Gimenez and Sierra, 2012) and the conceptual archetypes of Schneider and Wallenburg (2012) to empirically identify existing corporate configurations of how firms combine

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